



Traceability and The Forest Stewardship Council

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Forest Stewardship Council



Forest Stewardship Council

FSC was founded in 1993 as a market-based conservation tool to promote responsible forestry that benefits people, communities & nature in all working forests around the world

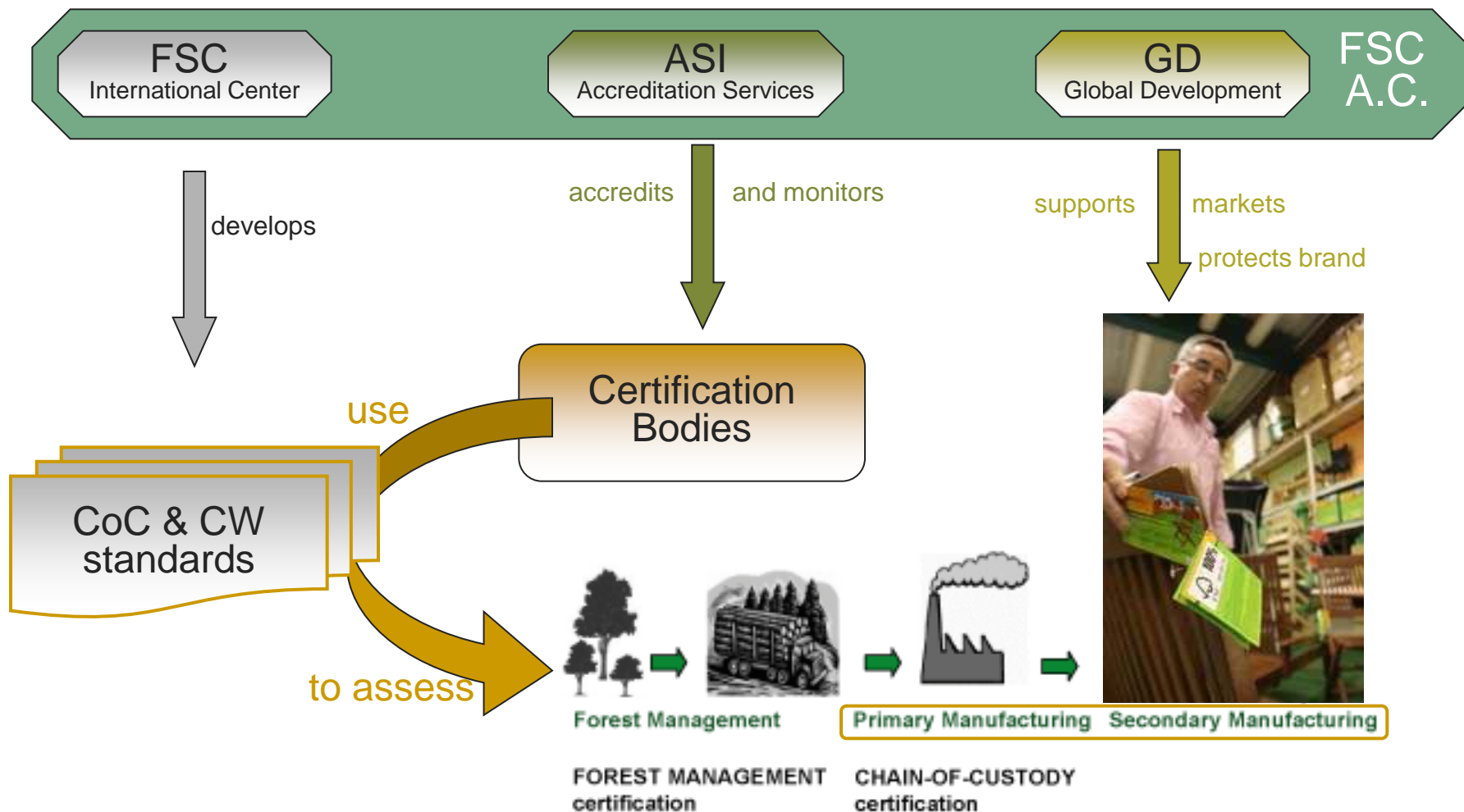
FSC Certification

- Market-based, non-regulatory forest conservation tool
- Designed to recognize & promote environmentally & socially responsible forest management
- Third-party verification of forest management practices, chain-of-custody, & product labeling
- Proven benefits for businesses:
 - Opportunity to protect forest ecosystems & communities
 - Rewards responsible forest management in the eyes of customers, businesses & the public
 - Fulfills corporate social & environmental responsibility goals

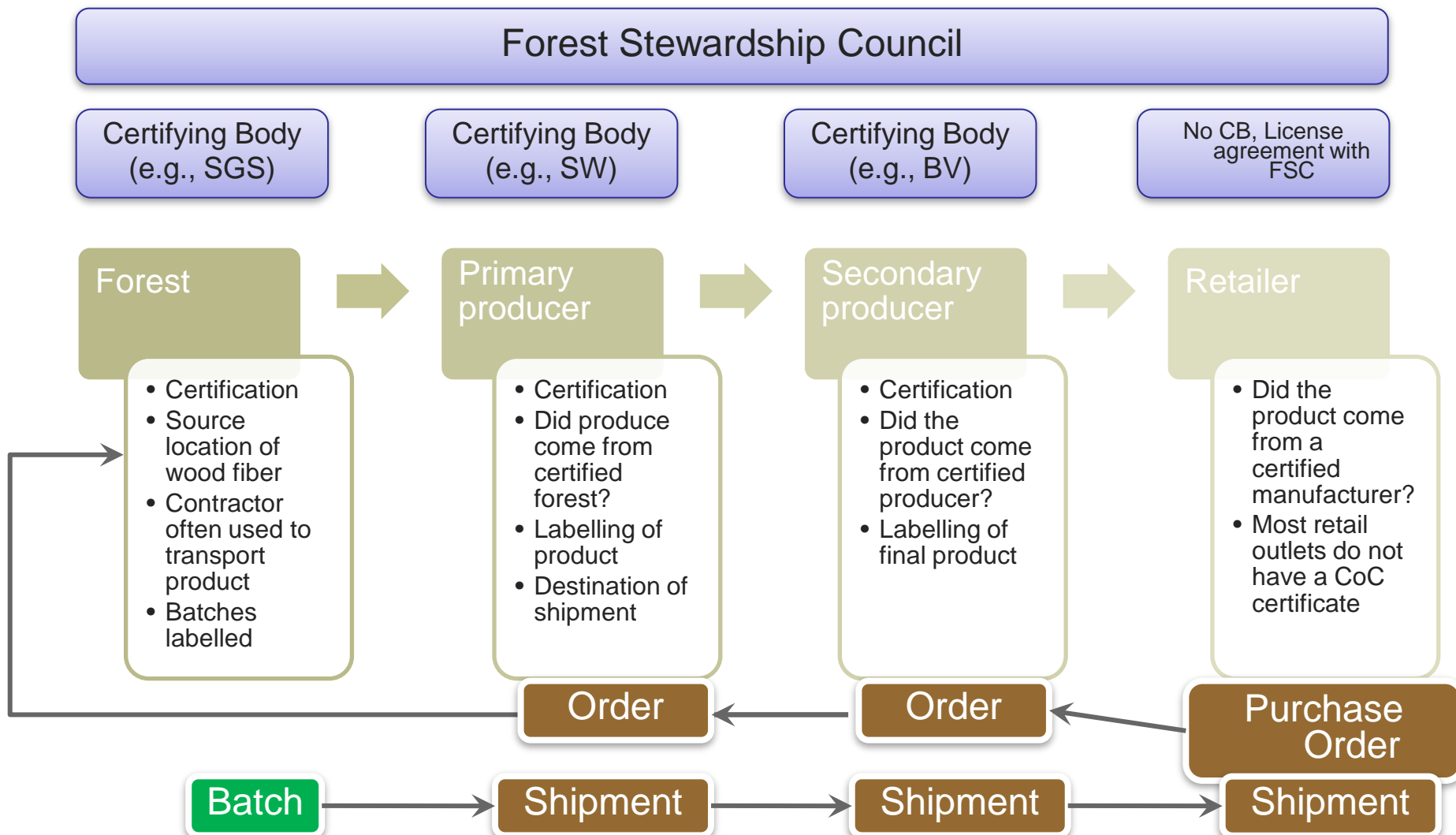
The Problem

- FSC is unable to perform end-to-end traceability
 - Only one-back one-forward identification of a product can be assured - that is FSC 'pure', FSC 'mixed', recycled or Controlled Wood came from an FSC CoC supplier.
 - No system in place to track flow of products between CoC operations – FSC CoC system focuses on flow of products within a certified entity
 - FSC dependent on certifying bodies that don't easily exchange information
- FSC is growing rapidly
 - Close to 20,000 CoC certificates
 - 23 accredited certification bodies
 - Thousands of auditors
 - Truly global – 100 countries +
- Demand for traceability is at a tipping point
 - Growing number of questionable and fraudulent cases within FSC and other systems
 - Growing consumer concern with traceability of products (food, drugs, etc.)
 - High visibility on illegal logging and new laws and regulations to combat illegal logging
 - Technology has developed rapidly

CoC certification – who is involved



FSC System



Current state of tracking: FSC view

No clear traceability



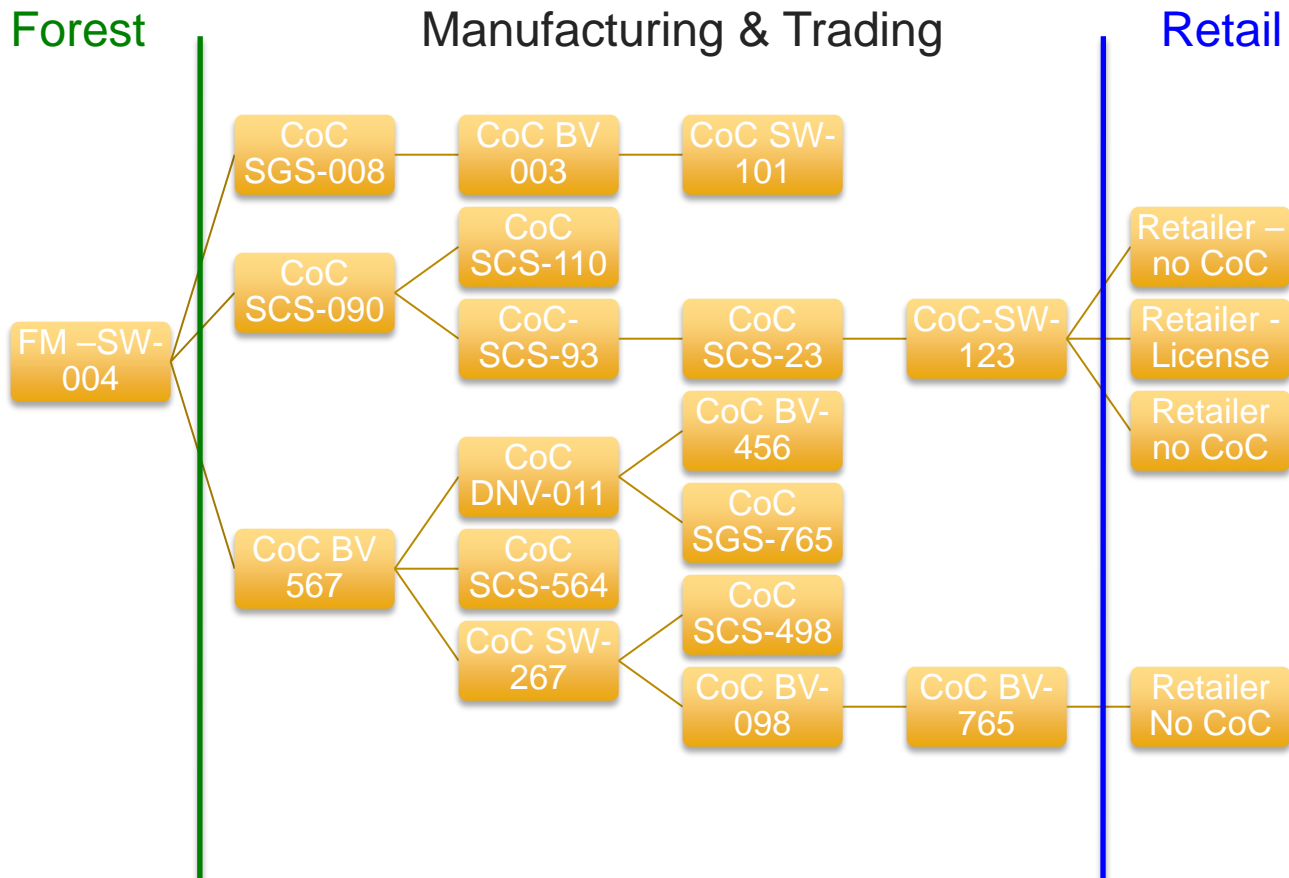
Current state of tracking: View of the Certification Bodies

Clear traceability only one step back and one step forward



Desired outcome

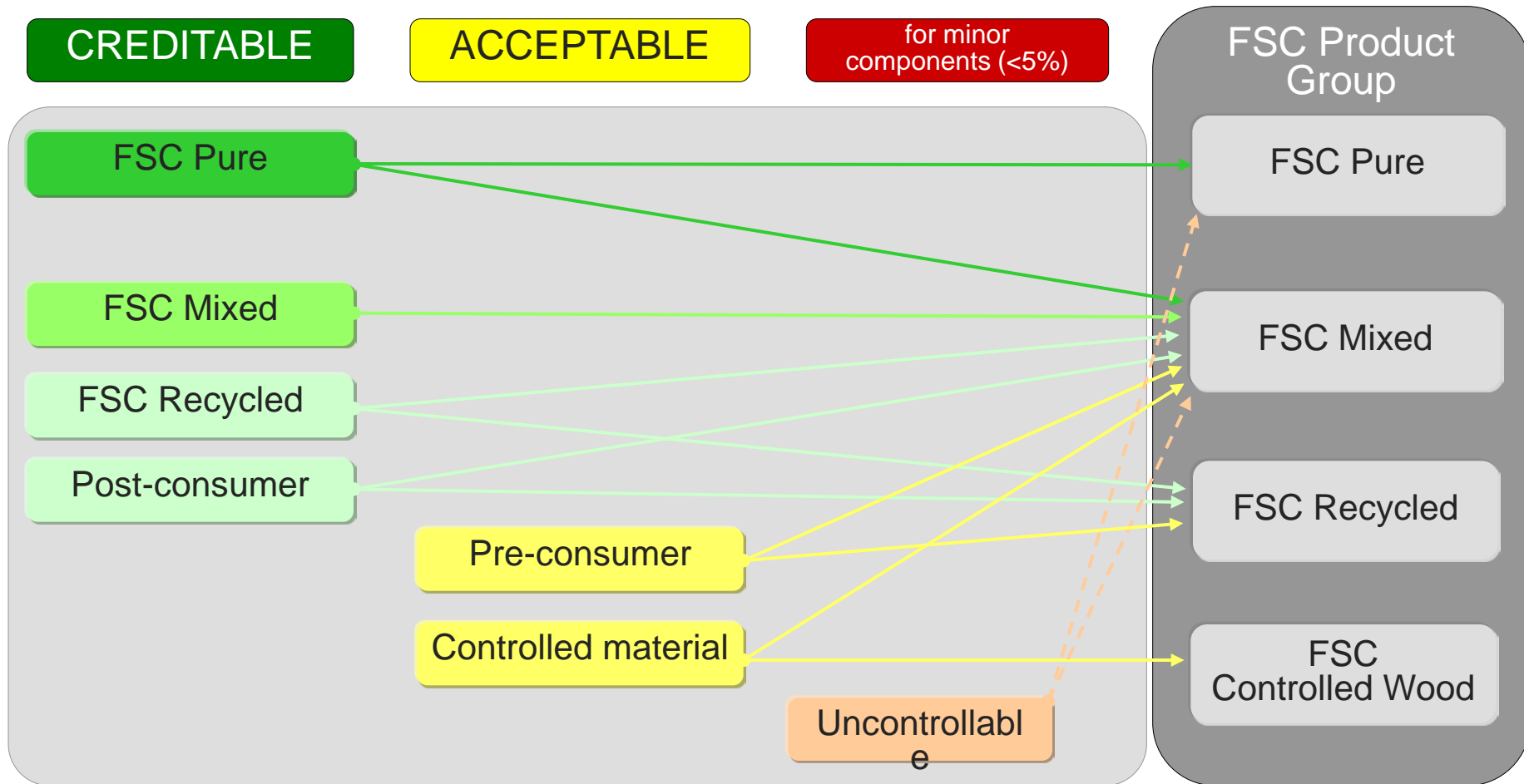
Clear traceability from forest to retail that can be viewed by FSC and ASI



Forest Stewardship Council system - the challenge to implement traceability

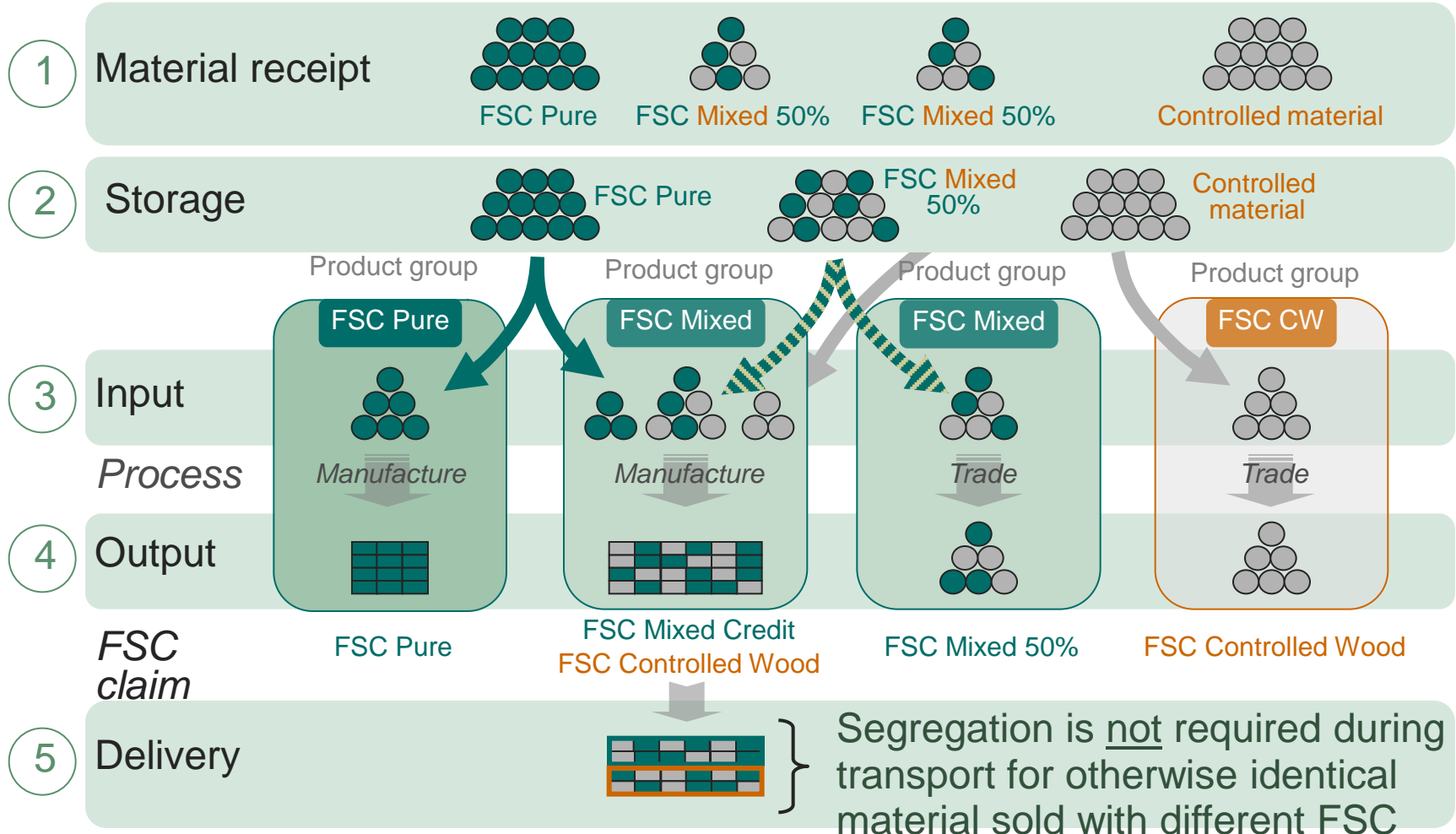
Part I – 3: Material sourcing

What is the **eligible input** for a specific product group?



Part I – 4: Material receipt & storage

Material shall be kept identifiable and separable by product group or by its claim if material is used for several product groups

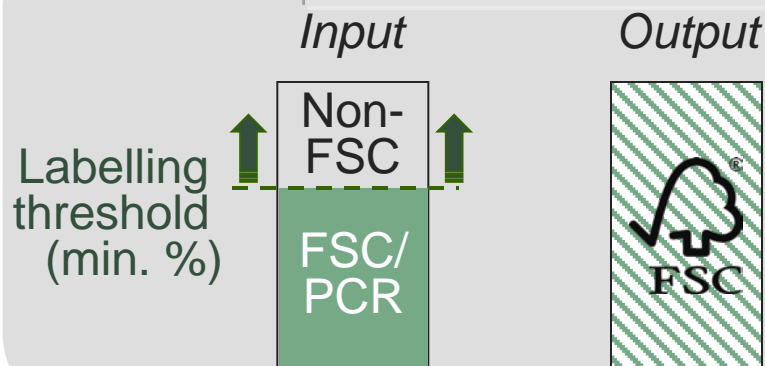


Summary

	TRANSFER SYSTEM		PERCENTAGE SYSTEM		CREDIT SYSTEM
			Single %	Average %	
Inputs calculated	—		FSC input + total input		FSC input
Typically applied for	exclusive FSC input		high share of FSC input		low share of FSC input
Production process	job based / continuous		job based / continuous	continuous	continuous
Claim periods	intermittent / consecutive		intermittent / consecutive	consecutive	consecutive
Inputs used in	claim period		claim period	reference period	claim + reference period
Resulting claim	= lowest FSC input	<	= average FSC input		< = credit claim
FSC outputs	all products		all products		proportion of products

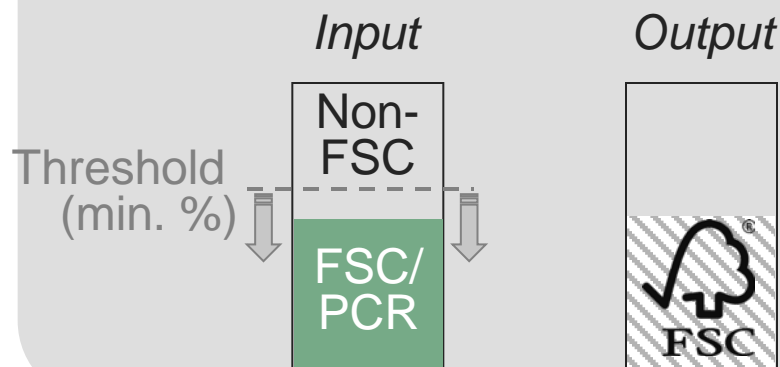
Percentage vs. credit system

Percentage system



- **All** outputs can be sold with a **percentage claim** according to the proportion of FSC and post-consumer reclaimed (PCR) input. If a certain threshold has been reached, the total output can also carry an FSC label.

Credit system



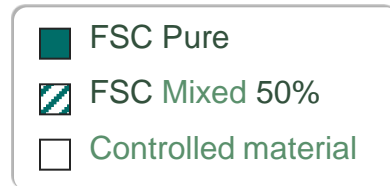
- Only a **proportion of the outputs** can be sold with a **credit claim** equivalent to the quantity of FSC and PCR inputs. This proportion can also carry an FSC label.



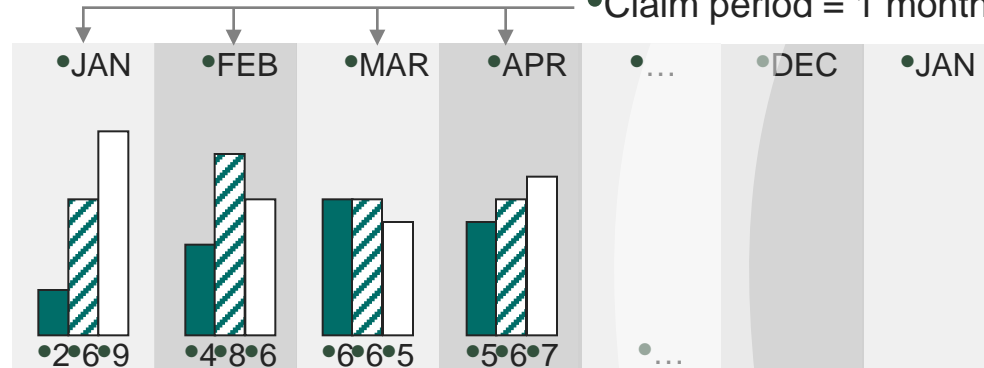
Key elements:

• FSC credit account (Credit system)

• Claim period = 1 month (example)



• Monthly input by material category



• FSC input (considering conversion factor)



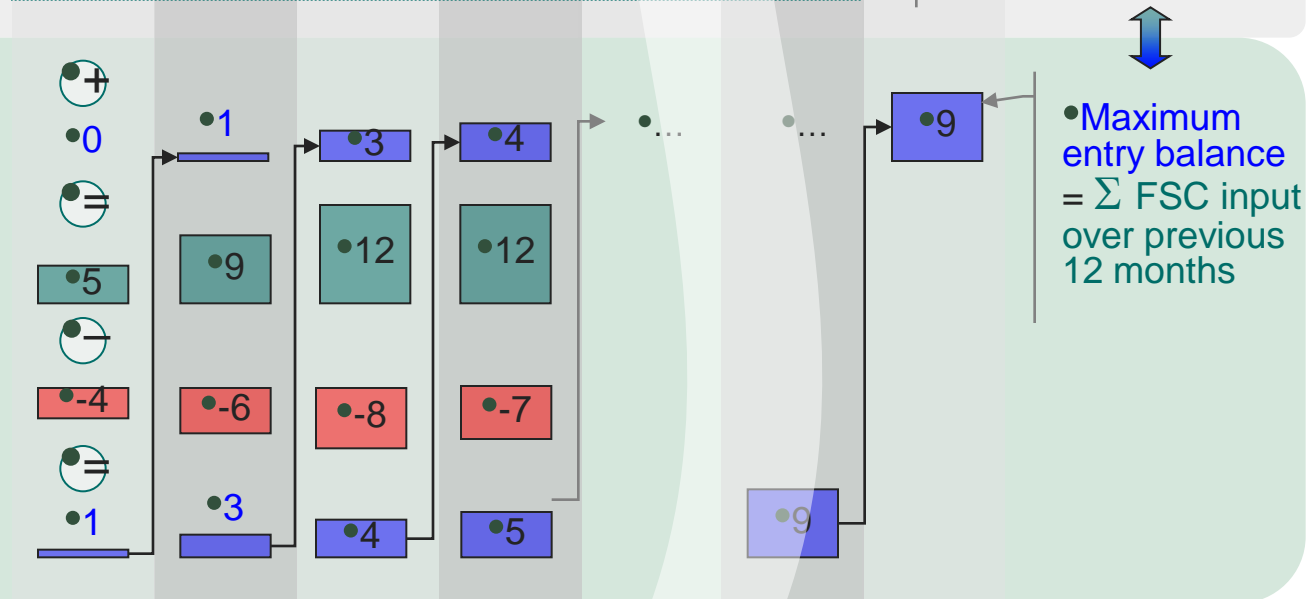
• FSC input over previous 12 months

• Entry balance (Credit at beginning of month)

• Accumulated credit (Entry balance plus new FSC input during month)

• FSC output (Sold with credit claim during the month)

• End balance (Credit at end of month)



Objectives for an FSC Traceability System

- 1. To allow a complete overview of the flow of FSC materials from forests through processing to final sales**
 - Address the risks of volume fraud and substitution fraud within the FSC system
 - Provide a balance check of incoming and outgoing FSC products at each node in the supply chain
 - Facilitate the verification of specific information about FSC products (i.e., allowing ASI and CBs to better identify when and where audits should take place; identifying the responsible company when issues arise; facilitating the withdrawal or recall of products)
- 2. To communicate information to relevant stakeholders**
 - Initially system will function at a B to B level but future versions could incorporate B to C capacity
- 3. To Inform FSC on gaps and bottlenecks in relationship to supply and demand – provide marketing information.**
- 4. Document the history or origin of any FSC product (confirm that the origin was an FSC certified forest/plantation area, FSC Controlled Wood source, and/or reclaimed/recycled material)**

The steps to augment traceability in the FSC system

- Online material balance verification
- Traceability to the batch level for high-risk supply chains
- Online certification system for low risk situations

Potentially in the future:

- Trace back for retailers
- Place of origin information for consumers



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